

STATEMENT BY
CONGRESSMAN HENRY A. WAXMAN, CHAIRMAN
SUBCOMMITTEE ON HEALTH AND THE ENVIRONMENT
ON
MEDICARE CATASTROPHIC PRESCRIPTION DRUG BENEFIT
OCTOBER 13, 1987

THE CONGRESS IS CONSIDERING A PRESCRIPTION DRUG BENEFIT UNDER MEDICARE FOR TWO SIMPLE REASONS. DRUGS ARE ESSENTIAL TO HEALTH, AND THEY ARE VERY EXPENSIVE.

FOR SENIOR CITIZENS WITH CHRONIC DISEASES, MEDICATIONS ARE A DAILY RITUAL THAT CANNOT BE MISSED. THEIR HEALTH DEPENDS ON IT. FOR MANY, THEIR LIFE DEPENDS ON IT.

BUT IN 1987, THE MIRACLES OF MODERN MEDICINE CAN BE MORE EXPENSIVE THAN FOOD OR CLOTHES. AFTER SIX YEARS OF UNPRECEDENTED PRICE INCREASES IMPOSED BY DRUG MANUFACTURERS, THE AVAILABILITY OF DRUGS TO THE ELDERLY IS IN JEOPARDY.

THE HOUSE HAS PASSED A BILL THAT WILL HELP THE SIX MILLION MEDICARE BENEFICIARIES WITH ANNUAL DRUG COSTS OVER \$500. WE HAVE ASSURED POOR MEDICARE BENEFICIARIES THAT THEIR PREMIUMS AND DEDUCTIBLES WILL BE COVERED BY THE STATE MEDICAID PROGRAMS. WE HAVE DONE WHAT IS FEASIBLE TO HOLD DOWN COSTS BY PAYING FOR GENERICS UNLESS A PHYSICIAN

INDICATES THAT A BRAND NAME DRUG IS MEDICALLY NECESSARY.

I BELIEVE ALL ELDERLY CITIZENS RECOGNIZE THE NEED FOR MEDICARE COVERAGE OF DRUGS. SOME COMPLAIN THAT THE COST SHOULD BE BORNE IN OTHER WAYS. I SHARE THEIR FRUSTRATION WITH HAVING TO RAISE MEDICARE PREMIUMS TO PAY FOR CATASTROPHIC DRUG EXPENSES. BUT I BELIEVE THE BENEFIT IS SO IMPORTANT FOR SO MANY SENIOR CITIZENS THAT, EVEN WITH HIGHER PREMIUMS, THE BILL SHOULD BECOME LAW.

THE PRIMARY OPPONENTS OF THIS VALUABLE NEW BENEFIT ARE THE PHARMACEUTICAL MANUFACTURERS ASSOCIATION AND THE BRAND NAME DRUG COMPANIES THAT COMPRISE IT.

DURING THE LAST TWO MONTHS, THEY HAVE ENGAGED IN A MULTI-MILLION DOLLAR CAMPAIGN OF DISINFORMATION AND BAD FAITH. THEIR GOAL IS TO CONVINCE THE NATION'S MEDICARE BENEFICIARIES THAT THE NEW DRUG BENEFIT IS A BAD DEAL.

I BELIEVE THE ELDERLY AND THE CONGRESS CAN SEE BEHIND THE DRUG COMPANIES PLOY.

ONE PMA MAILING CONTAINED THE FOLLOWING STATEMENT:

WARNING: THE PRESCRIPTION MEDICINE BENEFIT
BEING DEBATED THE U.S. SENATE COULD BE
HAZARDOUS TO YOUR HEALTH -- AND POCKET BOOK.

MEDICARE BENEFICIARIES WHO NEED MEDICINES FOR THEIR CHRONIC ILLNESSES KNOW BETTER. THEIR GREATEST HAZARD IS THE OUTRAGEOUS PRICE INCREASES THEY FACE EVERY TIME THEY REFILL THEIR PRESCRIPTION.

THE PMA ARGUES THE NEW DRUG BENEFIT IS UNNECESSARY AND TOO EXPENSIVE AND WILL BENEFIT TOO FEW MEDICARE BENEFICIARIES. THEY EXPRESS CONCERN FOR THE ELDERLY WHO ARE SICK. THEY CLAIM THE BILL IS "BAD MEDICINE".

IF THE DRUG COMPANIES ARE SO CONCERNED ABOUT THE COST OF DRUGS AND DRUG COVERAGE UNDER MEDICARE, LET THEM RESPOND BY LOWERING THEIR PRICES. SINCE 1981, DRUG PRICES HAVE RISEN AT THREE TIMES THE RATE OF INFLATION. INDIVIDUAL DRUGS HAVE AVERAGED 10-15% A YEAR, WITH SOME PRICE INCREASES OF 30-50% IN ONE YEAR.

THE SIMPLE FACT IS THAT THE DRUG COMPANIES ARE NOT CONCERNED ABOUT THE NATION'S ELDERLY. IT IS DIFFICULT TO ESCAPE THE CONCLUSION THAT GREED IS THEIR PRIMARY MOTIVATION. THEY HAVE ACTED WITH BAD FAITH.

THEIR REAL CONCERN IS THAT ONCE THE FEDERAL GOVERNMENT STARTS PAYING FOR DRUGS AND SEES THE ENORMOUS ANNUAL PRICE INCREASES, THAT CONGRESS WILL IMPOSE COST CONTROLS.

THE DRUG COMPANIES CARE ABOUT ONE THING -- PROFITS. I TRUST THE NATION'S ELDERLY, AND THE CONGRESS, CAN SEE THE DRUG COMPANIES CAMPAIGN FOR JUST WHAT IT IS: A CALLOUS INSENSITIVITY TO THE NEEDS OF OUR MOST VULNERABLE CITIZENS.